

**NOTICE AND AGENDA  
TOWN COUNCIL WATER DISTRICT  
REGULAR MEETING**

Public Notice is given that the Apple Valley Town Council, Apple Valley, Washington County, Utah will hold a **Town Council Water Meeting on Wednesday, February 20, 2019** at the **Apple Valley Town Hall**, 1777 N. Meadowlark Dr., Apple Valley, Utah, commencing at **7:00 PM** or immediately following the scheduled Town Council Meeting. In accordance with state statute, one or more council members may be connected via speakerphone.

The agenda for discussion and action is as follows:

Call to Order/Pledge of Allegiance/Roll Call

Discussion and Action

1. Big Plains Draft Audit
2. Impact Fee Study

Adjournment

CERTIFICATE OF POSTING I, Michelle Kinney, as duly appointed Recorder for the Town of Apple Valley, hereby certify that copies of the notice of meeting and agenda were posted at the Apple Valley Town Hall, the Utah Public Meeting Notice website <http://pmn.utah.gov>, the Town website [www.applevalleyut.gov](http://www.applevalleyut.gov), and faxed to The Spectrum on the 19<sup>th</sup> day of February, 2019.

Dated the 19<sup>th</sup> day of February, 2019  
Michelle Kinney, Recorder  
Town of Apple Valley

**THE PUBLIC IS INVITED TO ATTEND ALL SSD BOARD MEETINGS**

In compliance with the American with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify the town at 435-877-1190.

**Backup material for agenda item:**

Big Plains Draft Audit

Big Plains Water & Sewer Special Service District

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2018

Big Plains Water & Sewer Special Service District

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June 30, 2018

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## Independent Auditors' Report

Board and Management  
Of Big Plains Water & Sewer SSD  
Town of Apple Valley, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Big Plains Water & Sewer Special Service District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Big Plains Water & Sewer Special Service District, as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Big Plains Water & Sewer Special Service District's basic financial statements. Other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019, on our consideration of the Big Plains Water & Sewer Special Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Big Plains Water & Sewer Special Service District's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
January 28, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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Big Plains Water & Sewer Special Service District  
**Management's Discussion and Analysis**  
June 30, 2018

As management of Big Plains Water & Sewer Special Service District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended June 30, 2018.

## **FINANCIAL HIGHLIGHTS**

\*Total net position for the District increased by \$191,315

\*Total unrestricted net position for the District decreased by \$68,654

\*Operating revenues increased by \$5,171

\*Operating expenses increased by \$19,317

## **BASIC FINANCIAL STATEMENTS**

The District is a special-purpose government engaged in business-type activities. All transactions related to its activities are recorded in a single enterprise fund. Enterprise funds are used to account for the operations financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges.

The financial statements presented in this report are those required of an enterprise fund and consist of (1) the statement of net position, (2) the statement of revenues, expenses, and changes in net position, (3) the statement of cash flows, and (4) the notes to the financial statements.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position is improving or deteriorating. However, other non-financial factors need to be considered as well.

The statement of revenues, expenses and changes in net position (the income statement) presents information about the amounts of revenues, expenses, and resulting net income for the year. Net income is the change in net position. All items of income and expense are reported as soon as the underlying event giving rise to those items occurs, regardless of when cash is received or paid.

The statement of cash flows starts with the amounts of net income and removes the non-cash portion (the receivables and payables which did not provide or use cash), thus converting the amounts to a cash basis.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Big Plains Water & Sewer Special Service District  
**Management's Discussion and Analysis**  
June 30, 2018

## FINANCIAL ANALYSIS

### Big Plains Water & Sewer Special Service District's Net Position

	Current Year	Previous Year	Change
Current and other assets	\$ 315,264	38,455	276,809
Non-current assets	5,841,373	5,470,445	370,928
<b>Total assets</b>	<b>6,156,637</b>	<b>5,508,900</b>	<b>647,737</b>
Other liabilities	189,896	51,384	138,512
Long-term liabilities outstanding	5,256,334	4,938,424	317,910
<b>Total liabilities</b>	<b>5,446,230</b>	<b>4,989,808</b>	<b>456,422</b>
Net position:			
Net investment in capital assets	618,040	441,898	176,142
Restricted	214,951	131,124	83,827
Unrestricted	(122,584)	(53,930)	(68,654)
<b>Total net position</b>	<b>\$ 710,407</b>	<b>519,091</b>	<b>191,315</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and exceeded total liabilities at the close of the year by \$710,407, an increase of \$191,315 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is a deficit of \$122,584, which represents a decrease of \$68,654 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Big Plains Water & Sewer Special Service District  
**Management's Discussion and Analysis**  
June 30, 2018

**FINANCIAL ANALYSIS (continued)**

**Big Plains Water & Sewer Special Service District's Change in Net Position**

	Current Year	Previous Year	Change
<b>Operating income:</b>			
Service income	\$ 223,727	270,410	(46,683)
Connection fees	21,650	11,700	9,950
Other operating income	41,904	-	41,904
<b>Total operating income</b>	<b>287,281</b>	<b>282,110</b>	<b>5,171</b>
<b>Operating expenses:</b>			
Utilities	16,808	12,953	3,855
Repair and maintenance	17,997	28,090	(10,093)
Professional services	107,161	83,435	23,726
Other supplies and expenses	9,259	8,400	859
Insurance expense	4,241	3,711	530
Depreciation expense	117,195	116,756	439
<b>Total operating expense</b>	<b>272,662</b>	<b>253,346</b>	<b>19,317</b>
<b>Net operating income (loss)</b>	<b>14,619</b>	<b>28,764</b>	<b>(14,146)</b>
<b>Non-operating income (expense):</b>			
Impact fees	36,000	22,600	13,400
Grants	243,125	42,000	201,125
Interest income	1,710	514	1,196
Legal fee expenses	(11,410)	(10,001)	(1,409)
Interest on long-term debt	(92,730)	(93,649)	919
<b>Total non-operating income (expense)</b>	<b>176,696</b>	<b>(38,536)</b>	<b>215,232</b>
<b>Change in net position</b>	<b>\$ 191,315</b>	<b>(9,772)</b>	<b>201,087</b>

Service income decreased by \$46,683. Connection fees increased by \$9,950. Other operating income increased by \$41,904.

Depreciation expense is the largest single element of operating costs and increased from the amount of the previous year by \$439. The largest single increase in operating expenses was for professional services in the amount of \$23,726.

Impact fees increased by \$13,400 and grants increased by \$201,125.

Big Plains Water & Sewer Special Service District  
**Management's Discussion and Analysis**  
June 30, 2018

**BUDGETARY HIGHLIGHTS**

The District operates as an enterprise fund and is required to comply with the operating budget on an entity-wide basis.

	Original	Amended	Actual
Revenues	\$ 1,038,725	1,159,625	568,116
Expenses	297,240	403,840	376,801
<b>Net income</b>	<b>\$ 741,485</b>	<b>755,785</b>	<b>191,315</b>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Big Plains Water & Sewer Special Service District's Capital Assets**

	Current Year	Previous Year	Change
<b>Net Capital Assets:</b>			
Land	\$ 21,507	21,507	-
Water rights	996,483	996,483	-
Machinery and equipment	36,952	36,352	600
Water systems	5,237,926	4,585,547	652,379
Construction in progress	-	33,733	(33,733)
 Total	 6,292,868	 5,673,621	 619,247
 Less accumulated depreciation	 (451,495)	 (334,300)	 (117,195)
 <b>Net Capital Assets</b>	 <b>\$ 5,841,373</b>	 <b>5,339,321</b>	 <b>502,052</b>

The total amount of net capital assets of \$5,841,373 is an increase of \$502,052 from the previous year.

The amount of increase in net capital assets represents the amount that investment in new capital assets exceeded depreciation charged on capital assets.

Additional information regarding capital assets may be found in the notes to financial statements.

Big Plains Water & Sewer Special Service District  
**Management's Discussion and Analysis**  
June 30, 2018

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Big Plains Water & Sewer Special Service District's Outstanding Debt**

	Current Year	Previous Year	Change
<b>Business-type activities:</b>			
2004 F-250 Truck Lease	\$ -	4,793	(4,793)
2016 Aquafer Study	33,000	41,000	(8,000)
2018 Water Bond Series A	88,000	-	88,000
2012 Water Project	2,200,000	2,285,000	(85,000)
2018 Water Bond Series B	362,000	-	362,000
2015 Water Bond 02	290,633	294,159	(3,526)
2015 Water Bond 01	2,282,701	2,313,472	(30,771)
<b>Total business-type</b>	<b>5,256,334</b>	<b>4,938,424</b>	<b>317,910</b>
<b>Total outstanding debt</b>	<b>\$ 5,256,334</b>	<b>4,938,424</b>	<b>317,910</b>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

No significant economic changes that would affect the District are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Big Plains Water & Sewer Special Service District, 688 N Paradise Ln, Bldg A, Apple Valley, UT 84737.

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## **BASIC FINANCIAL STATEMENTS**



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Big Plains Water & Sewer Special Service District  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2018

	Utility Fund
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable	45,548
Due from other governments	54,765
Total current assets	<u>100,313</u>
Non-current assets:	
Restricted cash and cash equivalents	214,951
Capital assets:	
Not being depreciated	1,017,990
Net of accumulated depreciation	4,823,383
Total non-current assets	<u>6,056,325</u>
<b>Total assets</b>	<b><u>\$ 6,156,637</u></b>
<b>LIABILITIES:</b>	
Current liabilities:	
Checks written in excess of unrestricted cash balance	\$ 25,864
Accounts payable	120,462
Accrued liabilities	6,712
Customer deposits	8,100
Accrued interest payable	4,310
Due to other governments	24,448
Revenue bonds, current portion	145,535
Total current liabilities	<u>335,431</u>
Non-current liabilities:	
Revenue bonds, long-term	5,110,799
Total non-current liabilities	<u>5,110,799</u>
<b>Total liabilities</b>	<b><u>5,446,230</u></b>
<b>NET POSITION:</b>	
Net investment in capital assets	618,040
Restricted	214,951
Unrestricted	(122,584)
<b>Total net position</b>	<b><u>710,407</u></b>
<b>Total liabilities and net position</b>	<b><u>\$ 6,156,637</u></b>

The notes to the financial statements are an integral part of this statement.

Big Plains Water & Sewer Special Service District  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN NET POSITION - PROPRIETARY FUND**

For the year ended June 30, 2018

	Utility Fund
<b>Operating income:</b>	
Charges for sales and service	\$ 223,727
Connection fees	21,650
Other operating income	41,904
<b>Total operating income</b>	<b>287,281</b>
<b>Operating expenses:</b>	
Utilities	16,808
Repair and maintenance	17,997
Professional services	107,161
Other supplies and expenses	9,259
Insurance expense	4,241
Depreciation expense	117,195
<b>Total operating expense</b>	<b>272,662</b>
<b>Net operating income (loss)</b>	<b>14,619</b>
<b>Non-operating income (expense):</b>	
Impact fees	36,000
Grants	243,125
Interest income	1,710
Legal fee expenses	(11,410)
Interest on long-term debt	(92,730)
<b>Total non-operating income (expense)</b>	<b>176,696</b>
<b>Change in net position</b>	<b>191,315</b>
Net position - beginning	519,092
<b>Net position - ending</b>	<b>\$ 710,407</b>

The notes to the financial statements are an integral part of this statement.

Big Plains Water & Sewer Special Service District

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2018

	Utility Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers - service	\$ 370,229
Cash paid to suppliers	(75,813)
<b>Net cash provided (used) in operating activities</b>	<b>294,416</b>
<b>Cash flows from noncapital financing activities:</b>	
Change in due to/from other governments	(120,357)
Change in customer deposits	8,100
<b>Net cash provided (used) in noncapital financing activities</b>	<b>(112,257)</b>
<b>Cash flows from capital and related financing activities:</b>	
Cash received from impact fees	36,000
Cash received from grants	243,125
Cash received from bonds issued	450,000
Cash payments for capital assets	(619,247)
Cash payments for legal fees	(11,410)
Cash payments for long-term debt principal	(132,090)
Cash payments for long-term debt interest	(92,284)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>(125,906)</b>
<b>Cash flows from investing activities:</b>	
Cash received from interest earned	1,710
<b>Net cash provided (used) in investing activities</b>	<b>1,710</b>
<b>Net increase (decrease) in cash</b>	<b>57,963</b>
Cash balance - beginning	131,124
<b>Cash balance - ending</b>	<b>\$ 189,087</b>
<b>Cash reported on the statement of net position:</b>	
Cash and cash equivalents	\$ -
Checks written in excess of unrestricted cash balance	(25,864)
Non-current restricted cash	214,951
<b>Total cash and cash equivalents</b>	<b>\$ 189,087</b>

(The Statement of Cash Flows continues on the following page)

The notes to the financial statements are an integral part of this statement.

Big Plains Water & Sewer Special Service District  
**STATEMENT OF CASH FLOWS (continued)**  
For the year ended June 30, 2018

<b>Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:</b>	Utility Fund
<b>Net operating income (expense)</b>	<b>\$ 14,619</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:	
Depreciation and amortization	117,195
Changes in assets and liabilities:	
(Increase) decrease in receivables	82,948
Increase (decrease) in payables and accrued liabilities	79,654
<b>Net cash provided (used) in operating activities</b>	<b><u><u>\$ 294,416</u></u></b>

The notes to the financial statements are an integral part of this statement.

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Big Plains Water & Sewer Special Service District (the District), a special service district located in Washington County, Utah, was organized for the purpose of providing culinary water service and sewer service to the residents of the District. The District operates under the direction of a Board of Trustees. All trustees are appointed by the Town of Apple Valley Mayor.

The District is a component unit of the Town of Apple Valley, Utah. For fiscal years up to and including the year ended June 30, 2018 the Town has managed water billings and related collections on behalf of the District. In those same years, the District has contracted with the Town to have Town personnel provide accounting services to the District.

**1-B. Financial statements**

The financial statements presented are those required of an enterprise fund and consist of the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. The District is considered a special-purpose government engaged in business-type activities and records all of the transactions related to its activities in a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges. No fiduciary funds or components that are fiduciary in nature are included.

**1-C. Measurement focus, basis of accounting and financial statement presentation**

*Measurement focus* is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. The operating statement of an enterprise fund focuses on changes in, or the flow of, *economic* resources. With this measurement focus, all assets and liabilities associated with the operation of the fund, both current and non-current, are included on the statement of net assets. Thus, net position (total assets and deferred out flows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources.

*Basis of accounting* refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. As a practical matter, a fund's basis of accounting is inseparably tied to its measurement focus. Funds that focus on total economic resources employ the full accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

***1-E-1. Deposit and Investments***

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The District's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

***1-E-2. Cash and Cash Equivalents***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***1-E-3. Receivables and Payables***

Accounts receivable other than intergovernmental receivables are from customers primarily for utility services. Intergovernmental receivables are considered collectible. Customer accounts are reported net of allowance for uncollectable accounts. Due to the nature of the accounts receivable, management does not consider an allowance for uncollectable accounts receivable necessary or material. Therefore, no allowance for uncollectable accounts receivable is presented.

***1-E-4. Restricted Assets***

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the statement of net position because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net position.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

***1-E-5. Inventories and Prepaid items***

Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis.

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-6. Capital Assets**

Capital assets includes property, plant, equipment, and infrastructure assets, and are reported in the statement of net position. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts.

Property, plant, and equipment of the primary government, as well as the component unit, if any, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Distribution and collection system	40
Equipment	5-20

**1-E-7. Long-term Obligations**

In the proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the proprietary fund statement of net position. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**1-E-8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended June 30, 2018, the District did not have deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. For the year ended June 30, 2018, the District did not have deferred inflows of resources.



Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(continued)**

**1-E-9. Net position flow assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**1-F. Tax abatements**

The District has not entered into any tax abatement agreements and the District is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the District's tax revenues.

**1-G. Estimates**

GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

An annual operating budget is adopted by the District's board of trustees, on a basis consistent with generally accepted accounting principles, and as prescribed by state regulation. The budget is adopted prior to the beginning of the year to which it applies after a public hearing has been held. Subsequent amendments to the operating budget may be made after a public hearing.

A capital budget is also adopted by the board of trustees which identifies planned capital asset additions and requirements for long-term debt service principal payments, as well as the plan for financing these items.

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2018 consist of the following:

	Fair Value
Demand deposits	\$ (21,102)
Investments - PTIF	210,189
<b>Total cash</b>	<b><u>\$ 189,087</u></b>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ (25,864)
Restricted cash and cash equivalents (non-current)	214,951
<b>Total cash and cash equivalents</b>	<b><u>\$ 189,087</u></b>

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The District maintains monies not immediately needed for expenditure in PTIF accounts. A copy of the financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer.

As of June 30, 2018, the District had the following investments, ratings, and maturities:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Utah Public Treasurer's Investment Fund	\$ 210,189	N/A	51.96
<b>Total Fair Value</b>	<b><u>\$ 210,189</u></b>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**3-A. Deposits and investments (continued)**

**Fair value of investments**

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2018, the District had \$210,189 invested in the PTIF, which uses a Level 2 fair value measurement.

**Deposit and investment risk**

The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addresses each of these risks.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the District are available immediately.

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2018, all of the District's demand deposits are covered by FDIC insurance.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of credit risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the District's funds are shown below:

	Utility Fund
Due from Apple Valley Town	\$ 54,765
<b>Total receivables</b>	<b>\$ 54,765</b>

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**3-C. Capital assets**

Capital asset activity for the business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 21,507	-	-	21,507
Water rights	996,483	-	-	996,483
Construction in progress	33,733	617,729	651,462	-
<b>Total capital assets, not being depreciated</b>	<b>1,051,723</b>	<b>617,729</b>	<b>651,462</b>	<b>1,017,990</b>
Capital assets, being depreciated:				
Distribution and collection systems	4,585,547	652,379	-	5,237,926
Equipment	36,352	600	-	36,952
<b>Total capital assets, being depreciated</b>	<b>4,621,899</b>	<b>652,979</b>	<b>-</b>	<b>5,274,878</b>
Less accumulated depreciation for:				
Distribution and collection systems	326,830	115,355	-	442,186
Equipment	7,470	1,839	-	9,309
<b>Total accumulated depreciation</b>	<b>334,300</b>	<b>117,195</b>	<b>-</b>	<b>451,495</b>
<b>Total capital assets being depreciated, net</b>	<b>4,287,599</b>	<b>535,785</b>	<b>-</b>	<b>4,823,383</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 5,339,321</b>	<b>1,153,514</b>	<b>651,462</b>	<b>5,841,373</b>

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**3-D. Long-term liabilities**

Long-term debt activity for business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2004 F-250 Truck Lease							
Matures 6/25/2018	\$ 18,000	4.00	\$ 4,793	-	4,793	-	-
2016 Aquafer Study							
Matures 10/1/2021	41,000	-	41,000	-	8,000	33,000	8,000
2018 Water Bond Series A							
Matures 10/1/2037	88,000	-	-	88,000	-	88,000	4,000
2012 Water Project							
Matures 1/1/2044	2,540,000	-	2,285,000	-	85,000	2,200,000	85,000
2018 Water Bond Series B							
Matures 5/1/2048	362,000	1.00	-	362,000	-	362,000	13,000
2015 Water Bond 02							
Matures 8/15/2054	300,000	4.00	294,159	-	3,526	290,633	3,669
2015 Water Bond 01							
Matures 9/15/2054	2,364,800	3.50	2,313,472	-	30,771	2,282,701	31,865
<b>Total business-type activity</b>							
<b>    long-term liabilities</b>			<b>\$ 4,938,424</b>	<b>450,000</b>	<b>132,090</b>	<b>5,256,334</b>	<b>145,535</b>

Debt service requirements to maturity for business-type activities are as follows:

For the year ending June 30,	Principal	Interest	Total
2019	\$ 145,535	94,565	240,100
2020	143,818	93,152	236,970
2021	147,147	91,723	238,870
2022	147,524	90,236	237,760
2023	140,952	88,698	229,650
2024-2028	726,039	418,561	1,144,600
2029-2033	777,312	371,478	1,148,790
2034-2038	832,200	315,600	1,147,800
2039-2043	876,383	249,317	1,125,700
2044-2048	614,872	170,558	785,430
2049-2053	554,068	78,332	632,400
2054-2055	150,484	3,504	153,988
<b>Total</b>	<b>\$ 5,256,334</b>	<b>2,065,724</b>	<b>7,322,058</b>

Big Plains Water & Sewer Special Service District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**3-E. Capital lease**

The District acquired a truck through capital lease. Amortization of the truck under capital lease is included in depreciation expense. The cost of the truck at acquisition amounted to \$18,500. Depreciation accumulated since acquisition amounts to \$3,738, leaving a carrying value as of June 30, 2018 of \$14,762.

Lease payments are included in the schedules of long-term debt in Note 3-D. The capital lease was paid in full during the year.

**3-F. Restricted net position**

At June 30, 2018, the District's restricted net position is as follows:

<b>Business-type:</b>	
Net investment in capital assets	\$ 618,040
Impact fees	24,062
Bond fund	58,809
Reserve fund	86,409
Capital facility replacement	45,672
Unrestricted	(122,584)
<b>Total net position</b>	<b><u>\$ 710,407</u></b>

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The District is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**4-B. Rounding convention**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

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**OTHER SUPPLEMENTARY INFORMATION**



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Big Plains Water & Sewer Special Service District  
**OTHER SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2018

This information is required by one of the Big Plains Water and Sewer Special Service District's bondholders to be included in the notes to the financial statements. It is not otherwise a required item for disclosure.

**Insurance Coverage**

The Big Plains Water and Sewer Special Service District was insured for General Liability and Auto by the Utah Local Government Trust as of June 30, 2018. The following is a summary of the relevant coverages at June 30, 2018:

<b><u>Policy #17220-GL2012:</u></b>	<b><u>Amount of Coverage</u></b>	<b><u>Expires</u></b>
General Liability	\$ 2,000,000	9/30/2019
Auto Bodily Injury	2,000,000	9/30/2019
Auto Property Damage	2,000,000	9/30/2019
Personal Injury Protection	As State Requires	9/30/2019
Underinsured Motorist	80,000	9/30/2019
Uninsured Motorist	80,000	9/30/2019
Pollution Exclusion Endorsement	50,000	9/30/2019
No Fault Sewer Cleanup	5,000	9/30/2019

**Water System Cutomers and Connections**

Customers	466
Connections	352
Total revenues billed	\$ 223,727

**Schedule of Water Rates**

	<b><u>Cost Per 1,000 Gallons:</u></b>	
Water - Base of \$29.00	5,000	\$ 1.50
	5,001-12,000	\$ 1.75
	12,001-25,000	\$ 2.00
	25,001-35,000	\$ 2.25
	35,001-45,000	\$ 2.50
	45,001+	\$ 2.75

**Established Funds and Balances**

Impact fees	\$ 24,062
Bond Fund	58,809
Reserve Fund	86,409
Capital Facilities Replacement Fund	45,672

**Governing Body**

Harold Merritt	Chairman
Neil Duncan	Secretary
Robert Campbell	Treasurer
Ross Gregerson	Board Member
Trevor Black	Board Member

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**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board and Management  
Of Big Plains Water & Sewer SSD  
Town of Apple Valley, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Big Plains Water & Sewer Special Service District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, as described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency.

2018-001 Bank Reconciliation

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Big Plains Water & Sewer Special Service District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying response to the findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC  
St. George, Utah  
January 28, 2019



## HINTONBURDICK

CPAs & ADVISORS

### **Independent Auditors' Report on Compliance and Report on Internal Control Over Compliance As Required by the State Compliance Audit Guide**

Board and Management  
Of Big Plains Water & Sewer SSD  
Town of Apple Valley, Utah

#### **Report on Compliance**

We have audited the Big Plains Water & Sewer Special Service District's (District) compliance with the applicable general state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended June, 30, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

Budgetary Compliance  
Fund Balance  
Open and Public Meetings Act  
Treasurer's Bond

#### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the District's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the District occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

## ***Opinion***

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as item 2018-003. Our opinion on compliance is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying Response to Findings. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

We did note matters involving internal control over compliance or certain deficiencies which we are submitting for your consideration. These matters are described in the accompanying letter of Findings and Recommendations.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC  
St. George, Utah  
January 28, 2019

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**Findings and Recommendations  
For the Year Ended June 30, 2018**

Board and Management  
Of Big Plains Water & Sewer SSD  
Town of Apple Valley, Utah

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the District for their administrative achievements and oversight of the District's accounting and budget system. During our audit of the financial statements of the Big Plains Water & Sewer SSD for the fiscal year ended June 30, 2018 we noted a few circumstances that, if improved, would strengthen the District's accounting system and control over its assets. These items are discussed below for your consideration.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**Material Weaknesses:**

None Noted

**Significant Deficiencies:**

**2018-001 Bank Reconciliation**

*Criteria:* Bank reconciliations are a key internal control process for the District.

*Condition:* Through inquiry and observation, we noted that some of the bank reconciliations may not have been reviewed by another personnel.

*Cause:* Staffing shortages may have affected the ability of the District's personnel to complete the bank reconciliations review. Also, internal controls over the bank reconciliation process may not have been properly designed and implemented to perform bank reconciliation reviews.

*Effect:* There is no documentation of the District's bank reconciliations being reviewed by someone other than the person who prepared the reconciliation.

*Recommendation:* We recommend that Management continue to allocate the District's resources to make sure the District's bank reconciliations are completed and reviewed

by two different personnel, with that review documented with a signature on the reconciliation or by other means of documentation.

## **COMPLIANCE AND OTHER MATTERS:**

### **Compliance:**

#### **2018-002 Deposits**

*Criteria:* The state requires all public funds to be deposited daily, whenever practicable, but not later than three days after receipt. (Utah Code 51-4-2(2))

*Condition:* Some deposits exceeded the three-day requirement.

*Cause:* Staffing shortages and lack of proximity to a bank.

*Effect:* The District is not in compliance with state law.

*Recommendation:* We recommend that the District implement procedures to ensure that the cash receipts are deposited within three days of being received.

#### **2018-003 Deficit Fund Balance**

*Criteria:* UCA 17B-1-613-(2) required Districts with a deficit unrestricted net position to budget in the next budget year 5% or more of the Districts total actual revenue of the audited year towards reduction of the deficit.

*Condition:* The proprietary fund ended fiscal year 2018 with a deficit in unrestricted fund balance and has not budgeted the required minimum 5% of fiscal year 2018 actual revenues towards reduction of the deficit in fiscal year 2019.

*Cause:* The District's internal controls were not designed or implemented to note, consider, and address the deficit at the time of budgeting.

*Effect:* The District is not in compliance with Utah Code 17B-1-613-(2).

*Recommendation:* We recommend the District continue its efforts to eliminate the proprietary fund deficit unassigned/unrestricted fund balance, and amend its budget to be compliant with state law.

### **Other Matters:**

None

#### **Responses**

Please respond to the above Findings and Recommendations in letter form.

This report is intended solely for the information and use of the District management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the District this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

A handwritten signature in black ink that reads "Hinton Burdick, PLLC". The signature is written in a cursive, flowing style.

HintonBurdick, PLLC  
January 28, 2019

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**Backup material for agenda item:**

Impact Fee Study

# FINANCIAL CONSULTING SERVICES AGREEMENT

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THIS AGREEMENT for financial consulting services (the "Agreement") is made as of May 22, 2018, by and between APPLE VALLEY TOWN, a body corporate and politic of the State of Utah (the "Client"), and LEWIS YOUNG ROBERTSON & BURNINGHAM, INC., a corporation having its corporate offices at the address of 41 North Rio Grande St., Suite 101, Salt Lake City, UT 84101 (the "Consultant").

WHEREAS, the Consultant is an experienced and fully qualified firm that provides consulting and financial advisory services to and for local government and private entities, including specialty services related to impact fees, bond financing and other public finance related analyses; and

WHEREAS, the Client wishes to engage the Consultant for the purposes set forth in the Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Client and the Consultant agree as follows:

SECTION 1. SERVICES TO BE PROVIDED. During the period that this Agreement is effective, the Consultant shall work under the direction of designated personnel of the Client. The services preformed shall be outlined in exhibits attached hereto, and which may be added as addendum in the future. The specific services to be provided shall be described in each exhibit scope of service which is incorporated into this Agreement by this reference.

SECTION 2. REPRESENTATIONS OF THE CLIENT. The Client represents that in connection with any provisions of this Agreement, it will (a) cooperate with the Consultant and provide the Consultant with all information and data the Client may have in its possession or under its control which is reasonably required by the Consultant; and (b) review and approve all written information prior to its distribution.

SECTION 3. PAYMENT OF COMPENSATION, COSTS AND EXPENSES. The Client shall compensate the Consultants for the services rendered and itemized expenses incurred as identified in the attached exhibits.

SECTION 4. CONSULTANT AN INDEPENDENT CONTRACTOR. For purposes of this Agreement and the services to be performed hereunder, the Consultant, its officers, employees and agents shall not be considered to be officers, employees, agents or servants of the Client. The Consultant is and shall be considered to be an independent contractor in all respects.

As an independent contractor, Consultant shall be fully responsible for the payment of all of its employees, agents, servants and contractors and assumes full responsibility for the payment of all Workmen's Compensation payments which may be due or assessed against Consultant.

SECTION 5. REPRESENTATION OF THE CONSULTANT. The Consultant represents that if a situation occurs whereby an interest of the Client is in conflict with the interests of another Client of the Consultant, the Consultant shall notify the Client promptly and disclose the conflict.

SECTION 6. COMMENCEMENT OF WORK: Work will commence in May 2018.

SECTION 7. AMENDMENTS: This Agreement may be modified or amended only in writing signed by both Consultant and Client. Any change in this Agreement shall be mutually agreed upon by Client and Consultant and shall be set forth only in written amendments to this Agreement.

SECTION 8. REPRESENTATIONS AND NOTICES: The following are designated as representatives of parties to this Agreement:

(a) Consultant designates Jason Burningham as its representative in all matters under this Agreement and all notices given to Consultant shall be by regular U.S. mail to:

Jason Burningham, Principal  
Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande Street, Ste. 101  
Salt Lake City, UT 84101

(b) Client designates as its representative in all matters under this Agreement and all notices given to Client shall be by regular U.S. mail to:

Client: Apple Valley Town  
Robert Campbell, Mayor  
1777 North Meadowlark Drive  
Apple Valley, UT 84737

SECTION 9. INDEMNIFICATION: Consultant agrees and covenants to hold harmless and indemnify Client from any actionable claims, losses, injury, expenses and attorneys' fees proximately caused by any negligent conduct of Consultant or omissions constituting tortious behavior on the part of Consultant or its agents in the execution of the work performed in accordance with this Agreement, or which constitutes a breach of this Agreement. In no case shall the liability of Consultant exceed the total fee due hereunder.

Client agrees and covenants to hold harmless and indemnify Consultant from any claims, losses, injury, expenses and attorneys' fees proximately caused by any negligent conduct or omissions constituting tortious behavior on the part of Client, its officers, employees, or agents in the execution of the work performed in accordance with this Agreement, or which constitutes a breach of this Agreement. In no case shall the liability of Client exceed the total fee due hereunder.

SECTION 10. SUCCESSORS: Consultant and Client agree that the provisions of this Agreement shall be binding on heirs, successors and agents.

SECTION 11. TERMINATION: It is agreed that either party may terminate this Agreement at any time and for any reason. Any such termination shall be accomplished by one party giving the other party prior written notice thereof, at least thirty (30) calendar days in advance of the desired termination date. Neither party shall have any liability to the other for damages or other losses because of a termination of this Agreement; provided, however, if a termination should occur, the Client agrees to pay the Consultant all amounts due for work actually performed that falls within the scope of services of this Agreement through and including the termination date and the Consultant shall deliver to the Client all data, reports and information that would be due on the termination date.

SECTION 12. ENTIRE AGREEMENT: This Agreement contains the complete agreement and understanding of the parties and supersedes any previous understandings, commitments, proposals or agreements whether oral or written, and may only be modified or amended in writing or executed by authorized individuals of Client and Consultant.



SECTION 13. JURISDICTION: This Agreement shall be governed by the laws of the State of Utah.

SECTION 14. ATTORNEY FEES: In the event that either party is required to engage the services of an attorney to enforce any of the provisions of this Agreement, the substantially prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs.

SECTION 15. NON-ASSIGNABILITY: This Agreement is not assignable by either party without the express written permission of the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized this 22nd day of May, 2018.

APPLE VALLEY TOWN

\_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Title: \_\_\_\_\_

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

\_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT 2018-1**

### **IMPACT FEE CONSULTING SERVICES SCOPE OF WORK**

Lewis Young Robertson & Burningham, Inc. ("LYRB") will provide a technical review of the Impact Fee Facilities Plan ("IFFP") and Impact Fee Analysis ("IFA") for roads, parks, recreation and trails, storm water and fire, which will be completed by Ensign Engineering. LYRB will further assist with drafting the impact fee ordinance and ensure compliance with the Impact Fees Act.








#### ***Detailed Work Plan***

##### **Kick-Off Meeting (Phone)**

The project initiation or "kick-off" meeting provides an opportunity for LYRB to understand, in detail, all relevant issues and establish the appropriate lines of communication. This meeting also **establishes consensus** around the key issues that affect the Town and the studies at hand. LYRB staff will utilize this meeting to begin the process of gathering and reviewing data.

##### **Task 1: IFFP and IFA Review**





After the completion of the IFFP and IFA by Ensign Engineering, LYRB will review the documents and findings. During this process LYRB will:

-  Review a summary of the model inputs (i.e. growth assumptions, demand units etc.);
-  Review the existing level of service;
-  Review the excess capacity;
-  Review the outstanding debt and prior financing mechanisms;
-  Review the anticipated capital improvements;
-  Review the future funding sources; and
-  Review the proposed impact fees for roads, parks, recreation and trails, storm water and fire.

This meeting will allow LYRB to review the IFA methodology and ensure the impact fees are calculated in compliance with the Impact Fees Act.

##### **Task 2: Assist with Noticing and Enactment**

LYRB will assist with all noticing requirements including drafting the impact fee ordinance. All notice records and the official enactment will be compiled for the Town's records. Specific tasks include:

-  Notice of intent to amend IFFP and IFA;
-  Notice of intent to adopt a new IFFA and IFA;
-  Notice of public hearing; and
-  Draft the impact fee ordinance.

#### ***Person Hours and Cost***

The total combined price for the services provided as defined in this Scope of Work is not anticipated to exceed **\$6,000** based on the hourly assumptions shown below. LYRB will work with the Town to address any costs that fall outside the scope of services identified herein. Increases to the scope of services will not be assessed until mutually agreed upon.

	Tasks	Principal	Vice President/ Senior Analyst	Analyst	Total
	Hourly Rate	\$250	\$200	\$150	
<b>Initial</b>	Kick-Off Meeting	3.00	-	-	\$ 750.00
<b>Task 1</b>	IFFP and IFA Review	4.00	6.00	10.00	\$3,700.00
<b>Task 2</b>	Assist with Noticing and Enactment	2.00	3.00	3.00	\$1,550.00
	<b>Total</b>	9.00	9.00	13.00	\$6,000.00

APPLE VALLEY TOWN

\_\_\_\_\_  
 Title: \_\_\_\_\_

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

\_\_\_\_\_  
 Title: \_\_\_\_\_

## **EXHIBIT 2018-2**

### **TAX RATE ANALYSIS SCOPE OF WORK**







Lewis Young Robertson & Burningham, Inc. ("LYRB") will evaluate current budget dynamics and complete a tax rate analysis. The Town's desire is to evaluate any needed tax increases in time for the upcoming budget cycle tax noticing process in November.

#### ***Detailed Work Plan***

##### **Kick-Off Meeting (Phone)**

The project initiation or "kick-off" meeting provides an opportunity for LYRB to understand, in detail, all relevant issues and establish the appropriate lines of communication. This meeting also **establishes consensus** around the key issues that affect the Town and the studies at hand. LYRB staff will utilize this meeting to begin the process of gathering and reviewing data.

The following tasks will be required as part of the tax rate analysis:

-  Task 4.1: Coordination with Staff Regarding Capital Needs and New Expenditures
-  Task 4.2: Develop Expenditure *Pro Forma*
-  Task 4.3: Develop Revenue Projections
-  Task 4.4: Develop Financing Plan
-  Task 4.5: Review Findings with Staff
-  Task 4.6: Conduct Scenario Analysis

LYRB will develop a model to forecast revenues and expenditures for a ten-year period. This information will be generated based upon existing revenue sources consistent with historic trends. LYRB will forecast available revenues to fund the Town's budget priorities as a baseline scenario to determine any deficiencies and establish base service measurements. Additional considerations include new property tax revenues, expiration of CRAs, and sales tax revenue growth. From the findings of the baseline analysis, LYRB will develop a financing plan that will ensure revenue sufficiency within the General Fund under a cash approach as well as a bonding approach to optimally use tax payer resources.

##### ***Person Hours and Cost***

The total price for the services provided as defined in this Scope of Work is not anticipated to exceed **\$3,400** based on the hourly assumptions shown below. LYRB will work with the Town to address any costs that fall outside the scope of services identified herein. Increases to the scope of services will not be assessed until mutually agreed upon.

	Tasks	Principal	Vice President/ Senior Analyst	Analyst	Total
	Hourly Rate	\$250	\$200	\$150	
<b>Task 1</b>	Tax Rate Analysis	-	8.00	12.00	3,400.00
	<b>Total</b>	-	8.00	12.00	3,400.00

APPLE VALLEY TOWN

\_\_\_\_\_  
Title: \_\_\_\_\_

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

\_\_\_\_\_  
Title: \_\_\_\_\_

# PROPOSAL FOR **IMPACT FEE ANALYSIS** APPLE VALLEY, UTAH

FEBRUARY 2019



  
**LEWIS YOUNG**  
**ROBERTSON & BURNINGHAM, INC.**

GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101  
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2800 - [www.LewisYoung.com](http://www.LewisYoung.com)

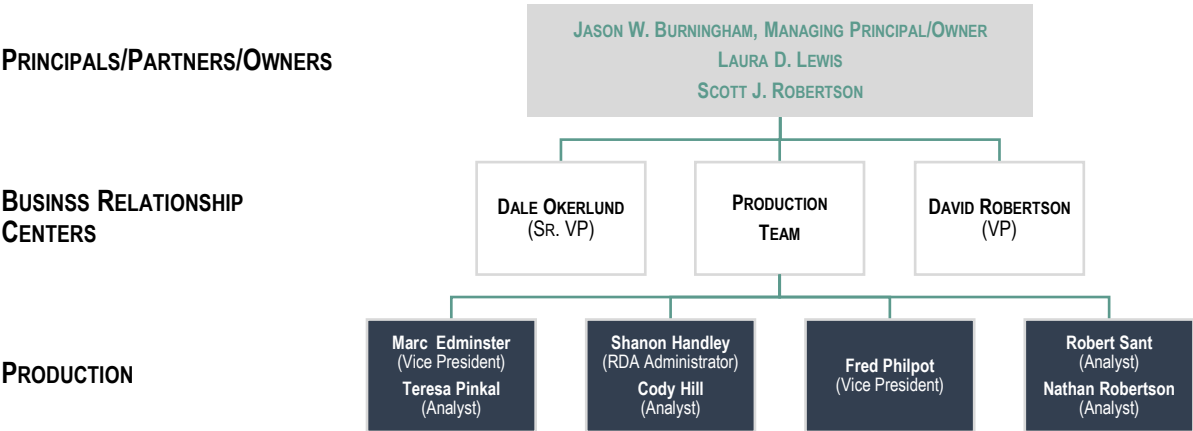


## COMPANY INFORMATION

Lewis Young Robertson & Burningham, Inc. (LYRB) was founded in 1995. It has grown from its initial four employees to fifteen, inclusive of the three most experienced individual financial advisors in the State. LYRB maintains more client relationships with greater diversity than any other financial advisory firm doing business in the State of Utah. Collectively the professionals at LYRB have structured in excess of \$8.5 billion in municipal bonds for cities, towns, counties, redevelopment agencies, school districts, water districts, sewer districts and special districts throughout Utah.

Our firm leads the efforts in conducting impact fee studies and has helped many communities across the State evaluate financial sustainability. LYRB helped draft and evaluate the initial impact fee legislation when it was originally imposed. Our firm has the most experience conducting impact fee studies and financial consulting in the State of Utah. Since 2008, LYRB has conducted over 250 studies for 42 Utah clients. The staff at LYRB are highly knowledgeable and experienced in impact fee studies, financial sustainability planning, business license fees and a broad range of consulting areas and will be fully available to the Town for this project.

Following is an organization chart of LYRB which depicts the interrelationships and line of authority for the firm.



## OUR MISSION

TO DELIVER CREATIVE, CONCISE, HIGH QUALITY, AND VALUE-ADDED SOLUTIONS  
TO THE LOCAL GOVERNMENTAL ENTITIES WE REPRESENT



## PROPOSED SCOPE

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Our methodology is built upon creating usable and defensible documents for the Town. LYRB understands that the Town desires to complete Impact Fee Analyses (IFA) for roads, parks, recreation/trails, storm water, fire, and water (Big Plains Water and Sewer Special Service District manages the water services as a component unit of Apple Valley). The Town's current civil engineer, Ensign Engineers, will be available to assist where needed to understand and identify system characteristics.

The following tasks will be required to fulfill these objectives.

### **TASK 1: PROJECT ORIENTATION AND KICK-OFF**

An initial kick-off meeting with Town staff is crucial and can help provide a vision for the entire project. The following tasks will be completed at the initial kickoff meeting:

- ☞ Orient staff to the project and clarify scope;
- ☞ Identify data needs and discuss existing capital facility plans/master plans;
- ☞ Establish consensus regarding timeframe and scheduling of project; and
- ☞ Discuss project transcript which will include final documents, project schedule noticing, contract agreements etc.

An important element of this task will be the creation of a project "transcript". The transcript serves as a warehouse of all pertinent project data (i.e. project timeline, process maps, draft reports, noticing documents, official contract and scope of services, etc.). This data is organized in a single location which ensures project timeliness and efficiency. LYRB will facilitate the inclusion of all final documents into the project transcript for each department and for administrative personnel.

### **TASK 2: IMPACT FEE FACILITIES PLAN (IFFP) COORDINATION**

According to the Impact Fees Act, local political subdivisions with populations or serving populations of more than 5,000 as of the last federal census must prepare an IFFP. As stipulated in UC 11-36a-302, the IFFP must identify the following elements before impact fees can be imposed:

- ☞ Existing and proposed level of service;
- ☞ Excess capacity which could be used to accommodate new growth;
- ☞ Demands placed upon existing public facilities by new development activity; and
- ☞ The proposed means by which the local political subdivision will meet those demands.

The Town of Apple Valley will not need to complete an IFFP. However, much of the above information is essential in completing a comprehensive and defensible IFA. LYRB will work with the Town and Ensign Engineers to gather the above information. The following tasks outline the IFFP process:

- ☞ Task 2.1: Demand Analysis, Existing Facilities Inventory and Level of Service (LOS)
- ☞ Task 2.2: Determination of Existing Capacity and Equity Buy-In
- ☞ Task 2.3: Identify Impact Fee Eligible Capital Facilities
- ☞ Task 2.4: Identify a Financing Structure for Future Capital Project Needs

### **TASK 3: IMPACT FEE ANALYSIS (PROPORTIONATE SHARE ANALYSIS)**

The proportionate share analysis satisfies the requirements of the Impact Fees Act found in UC 11-36a. LYRB will ensure the impact fee analysis and proportionate share analysis complies with all legislative requirements. This analysis will ensure that only the costs associated with growth related improvements are included in the calculation of the impact fee.





LYRB will rely on data gathered in Task 2, above, to estimate the proportionate share of costs for existing capacity that will be recouped and the costs of impacts on system improvements that are reasonably related to the new development activity. In analyzing whether or not the proportionate share of the costs of public facilities are reasonably related to the new development activity, LYRB shall identify, if applicable:

- ☞ the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;
- ☞ the cost of system improvements for each public facility;
- ☞ other than impact fees, the manner of financing for each public facility, such as user charges, special assessments, bonded indebtedness, general taxes, or federal grants;
- ☞ the relative extent to which the development activity will contribute to financing the excess capacity of and system improvements for each existing public facility, by such means as user charges, special assessments, or payment from the proceeds of general taxes;
- ☞ the relative extent to which the development activity will contribute to the cost of existing public facilities and system improvements in the future;
- ☞ the extent to which the development activity is entitled to a credit against impact fees because the development activity will dedicate system improvements or public facilities that will offset the demand for system improvements, inside or outside the proposed development;
- ☞ extraordinary costs, if any, in servicing the newly developed properties; and
- ☞ the time-price differential inherent in fair comparisons of amounts paid at different times.

LYRB will calculate the impact fee and create an impact fee schedule and formulas for calculating adjusted impact fees.

#### **TASK 4: IMPLEMENTATION**

LYRB will prepare a final impact fee analysis and report that documents the methodology, assumptions and findings of our analysis. LYRB will prepare an informational presentation for staff, elected officials and/or the public. This proposed scope includes a preliminary findings presentation to staff. LYRB will utilize this meeting to re-evaluate the goals originally established at the beginning of the project and address any changes or recommendations. This meeting will also provide final direction for the impact fee analysis.

LYRB will assist with all noticing requirements and the drafting of the impact fee enactment. All notice records and the official enactment will be recorded in the impact fees transcript. Specific tasks include:

- ☞ Task 4.1: Prepare Written Draft Documents (IFA/IFFP)
- ☞ Task 4.2: Workshop and Presentation
- ☞ Task 4.3: Assist with Noticing and Enactment
- ☞ Task 4.4: Provide Final Written Impact Fee Analysis Transcript and Certification
- ☞ Task 4.5: Hold Public Hearing and Final Adoption of Impact Fees

The final written analysis will ensure that all elements of the Impact Fees Act (including impact fee certification) are considered. LYRB will certify the Impact Fee Analysis. LYRB will prepare a final presentation of findings for the public hearing with final Impact fee recommendations. LYRB will present at the public hearing and will ensure the project transcript is complete following final adoption of the impact fees.



## PROPOSED FEE

The table below illustrates LYRB's proposed not to exceed for of \$17,800 to complete this scope of work.

PROPOSED FEE

Tasks	Vice President	Sr. Analyst	Total Hours	Fee per Task
Hourly Rate	\$200	\$150		
Task 1: Project Orientation and Kick-Off	4	2	6	\$1,100
Task 2: Impact Fee Facilities Plan (IFFP) Coordination	8	5	13	\$2,350
Task 3.1: Impact Fee Analysis (Roads Parks & Recreation, stormwater, fire)	27	17	70	\$7,950
Task 3.2: Impact Fee Analysis (Water)	14	8	70	\$4,000
Task 4: Implementation	6	8	14	\$2,400
<b>Total</b>	<b>59</b>	<b>40</b>	<b>173</b>	<b>\$17,800</b>

Our team is dedicated to meeting the needs of the Town of Apple Valley. While we will be engaged in other projects, we will allocate necessary resources to meet our proposed timeline. We do not anticipate that current workloads and availability for other activities will compromise our ability to complete the stated tasks. We do not anticipate the need for any outside support.

## TEAM QUALIFICATIONS

Details on the qualifications of the individuals who will perform the work including a brief summary of each person's education, qualifications, and previous experience is included below.



### **JASON W. BURNINGHAM, PRINCIPAL/OWNER AND MANAGING PARTNER**

Mr. Burningham is the managing principal and owner of Lewis Young Robertson & Burningham, Inc. (LYRB), the premier financial advisory and municipal consulting firm located in Salt Lake City, Utah. Over the course of the past two decades, Mr. Burningham has led the initiative to develop and create a full-service financial consulting and advisory practice focusing on local governmental entities. Mr. Burningham has two core practice areas: municipal advisory services and financial/economic analyses.

Mr. Burningham currently serves as financial advisor to scores of local municipalities, counties and special districts. Over the past decade, Mr. Burningham has successfully coordinated the structuring of nearly \$4.25 billion representing more than 350 transactions including general obligation, revenue, lease revenue, tax increment, and special improvement district bonds.

In addition to his financial advisory practice, Mr. Burningham has specialty expertise in: i) user rate and cost of service studies, ii) economic/fiscal impact analyses, iii) impact fee analyses (complying with State law), iv) comprehensive financial sustainability planning, and v) redevelopment consulting and applications. He currently represents many high growth and development impacted areas throughout the State of Utah, including: St. George and Washington County surrounding areas, southern Davis County communities including: Bountiful, Centerville, North Salt Lake, Woods Cross and West Bountiful, northern Utah County (Lehi, Eagle Mountain, Alpine, Pleasant Grove, Lindon and American Fork), and Salt Lake Valley communities such as, South Jordan, Bluffdale, Herriman, Cottonwood Heights, South Salt Lake, Holladay City and Sandy City.



### **FRED PHILPOT, VICE PRESIDENT**

Mr. Philpot received a Bachelor of Science from Utah State University, studying political science and is a graduate of the Master of Public Administration program from Brigham Young University. He emphasized in quantitative analysis and government administration.

Mr. Philpot joined Lewis Young Robertson & Burningham, Inc. in 2006. Mr. Philpot has served as the project lead for numerous utility rate studies including studies completed for Orem, Centerville, Provo, Ogden, Centerville, and other local entities. He specializes in financial modeling including scenario analysis, fund analysis, and forecasting.

### **RECENT UTILITY RATE SETTING EXPERIENCE**

Mr. Philpot has completed the following projects on behalf of entities in Utah:

- |   |   |
|---|---|
| ☞ 2017-2018 Central Utah Water District Utility Financial Modeling; | ☞ 2017 South Ogden Utility Rate Analysis (Water, Sewer, Storm); |
| ☞ 2017-2018 Ogden Utility Rate Review (Water, Sewer, Storm);        | ☞ 2016 Orem Utility Rate Study (Water, Sewer, Storm);           |
| ☞ 2017-2018 Logan Water Rate Analysis;                              | ☞ 2016 Provo Utility Rate Study (Sewer); and,                   |
|   | ☞ 2015 Centerville Storm Utility Study.                         |

Years of Experience in Proposed Position	3			
Years of Experience with this Organization	11			
Number of Similar Projects in Proposed Position	36			
Number of Similar Projects in Other Positions	300+			
<b>Similar Project Experience</b>				
Project Name and Description	Initial Contract Price	Final Contract Price	Contract Date	Actual Date
Utility Rate Analysis	\$46,725	\$46,725	4.15.2018	4.15.2018
Utility Rate Review and Update	\$27,000	\$27,000	8.1.2017	8.1.2017
Secondary Water Impact Fee	\$7,950	\$7,950	12.14.17	12.14.17
<b>Reference Contact Information</b>				
	Reference 1	Reference 2	Reference 3	
Name	Matt Dixon	Rob Thomas	Mark Johnson	
Title/Position	City Manager	District Mgr.	CAO	
Organization	South Ogden	WCWSID	Ogden City	
Telephone	(801) 622-2700	(801) 745-3435	(801) 629-8150	
E-mail	mdixon@southogdencity.com	rthomas@wcwsid.com	markjohnson@ogdencity.com	
Project	Utility Rate Analysis	Impact Fee	Utility Rate Analysis	
Role on Project	Project Lead	Project Lead	Project Lead	

Mr. Philpot, with support from Mr. Robertson, will present all findings and recommendations. Mr. Philpot's recent presentation experience includes:

- ☞ Ogden General Fund Financial Sustainability Plan, 2017
- ☞ Weber County Transfer Station Analysis, 2017
- ☞ South Ogden General Fund, Utility Rates, and Transportation Fee Analysis, 2017
- ☞ Salt Lake City General Fund Impact Fee Facilities Plan and Impact Fee Analysis, 2016
- ☞ Utah League of Cities and Towns Revenue and Taxation Presentation, 2016
- ☞ Utah Association of Special Districts Financial Sustainability Planning Presentation, 2016
- ☞ Ogden General Fund Financial Sustainability Plan, 2016
- ☞ Orem Utilities Financial Sustainability Plan, 2016
- ☞ South Salt Lake Sewer, Water and Park Impact Fee Presentation, 2015
- ☞ Jordan Valley Water Conservancy Impact Fee Update, 2014
- ☞ South Jordan School District Feasibility Study and Media Presentation, 2014

### TERESA PINKAL, ANALYST

Teresa Pinkal joined Lewis Young Robertson & Burningham, Inc. in 2015. Ms. Pinkal recently completed a municipal services tax feasibility study for Box Elder County, an incorporation feasibility study for Cedar Highlands and a Comprehensive Financial Sustainability Plan for the Military Installation Development Authority. Ms. Pinkal's experience includes demographic projections, municipal services analyses, economic development analysis, and capital planning and prioritization. Prior to joining LYRB, Ms. Pinkal facilitated the State energy efficiency finance programs for the Utah Governor's Office of Energy Development, as well as served as the office administrator for the Utah Governor's Office. Ms. Pinkal holds a Master of Public Administration degree from Brigham Young University.

Ms. Pinkal will assist in model development, research and drafting of reports.

Years of Experience in Proposed Position	2.5
Years of Experience with this Organization	2.5
Number of Similar Projects in Proposed Position	7
Number of Similar Projects in other Positions	NA

Similar Project Experience				
Project Name and Description	Initial Contract Price	Final Contract Price	Contract Date	Actual Date
Wasatch County Capital Facilities Planning	\$29,970	\$37,470	12/1/2015	6/8/2016
Millcreek Municipal Services Study	\$29,150	\$31,450	3/31/2017	4/24/2017
Cedar Highlands Incorporation Study	\$17,500	\$17,500	12/1/2016	11/1/2016
Reference Contact Information				
	Reference 1	Reference 2	Reference 3	
Name	Mike Davis	Jeff Silvestrini	Paul Morris	
Title/Position	County Manager	Mayor	Interim Director	
Organization	Wasatch County	Millcreek City	MIDA	
Telephone	435-657-0283	801-214-2710	801-949-2602	
E-mail	<a href="mailto:Manager@wasatch.utah.gov">Manager@wasatch.utah.gov</a>	<a href="mailto:jsilvestrini@millcreek.us">jsilvestrini@millcreek.us</a>	<a href="mailto:paultmorris@outlook.com">paultmorris@outlook.com</a>	
Project	Facilities Plan	Municipal Services	Finance Plan	
Role on Project	Analyst	Analyst	Analyst	

## FIRM QUALIFICATIONS

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The professionals at LYRB have completed a broad range of rate studies and financial plans. Provided below are references to recent projects completed by LYRB that show the breadth of our work and experience. **We encourage you to call all of our references as they will attest to the value our work has provided their communities.** The included references illustrate our experience in a variety of fields as it relates to ensuring revenue sufficiency and sustainability.

### RELEVANT EXPERIENCE

#### OGDEN CITY – WATER, SANITARY SEWER, AND STORM RATE ANALYSIS, 2018

In 2012, LYRB prepared a comprehensive rate analysis and long-term financial plan for Ogden City's culinary water, sanitary sewer, and storm drain utilities. These studies were based upon updated master plans and culminated in a rate structure that prepared Ogden for future debt issuance. Because of the study and Ogden's proactive approach, the City was able to receive an upgraded rating and recently issued debt at lower interest rates than they likely would have achieved prior to the analysis. A copy of this analysis is available upon request. LYRB updated the model in 2013, 2014 and 2015, with the current update in process.

**Contacts:** Mark Johnson, CAO  
(801) 629-8150

Jay Lowder, Public Services Director  
(801) 629-8150

#### CENTRAL UTAH WATER CONSERVANCY DISTRICT RATE ANALYSIS, 2018

LYRB has provided analysis and debt structuring to CUWCD for more than a decade. As a recent example, LYRB prepared and updated the rate analysis and debt modeling for the Central Water Project and is currently assisting the District update this analysis.

**Contacts:** Dave Pitcher, Asst. General  
(801) 226-7121

Manager KC Shaw, Project Manager  
(801) 226-7180

Sean Lambert - CFO  
(801) 226-7100

#### SOUTH OGDEN, UTAH WATER, SANITARY SEWER AND STORM RATE ANALYSIS, 2017

LYRB provided the City with a long-term financial plan for the Water, Sewer and Storm Enterprise Funds. LYRB helped the City establish a rate policy for the next five years to ensure revenue sufficiency and long-term sustainability. LYRB completed the Utility Rate Analysis while conducting a General Fund Financial Plan and a Transportation Utility Fee Analysis. LYRB developed models that combined the data and impacts from each of these projects to allow the City to evaluate the City-wide impacts of policy decisions. Some of these impacts include utility fund transfers, administrative charges, capital needs and funding of depreciation.

**Contact:** Matt Dixon, City Manager  
(801) 622-2700

#### SOUTH JORDAN, UT IMPACT FEE STUDIES, 2005-2018

The City of South Jordan serves a population of approximately 70,000 people. LYRB has performed numerous impact fee studies for the City of South Jordan. Studies include impact fee analyses for parks and recreation, public safety, roadway, storm water, and culinary water. LYRB is currently working with the City to update the park impact fee.

**Contact:** Don Tingey, Community Development Director  
(801) 254-3742

**SOUTH SALT LAKE, UT CULINARY WATER, SEWER AND PARKS IFFP AND IFA, 2016**

LYRB is currently updating the City's impact fees for parks and recreation and recently updated the water and sewer impact fees. The City did not previously charge impact fees, but due to redevelopment, and impact fee was adopted to ensure new development contributed toward the expansion of the system.

**Contact:** Dennis Pay, Public Works Director  
(801) 483-6045

**SALT LAKE CITY, UT IMPACT FEE STUDIES, 2016**

LYRB was engaged to complete impact fee facilities plans and impact fee studies for parks and recreation, transportation, and public safety services for Salt Lake City.

**Contact:** Todd Reeder, Capital Asset Management  
801.535.7115

**OREM CITY COMPREHENSIVE FINANCIAL SUSTAINABILITY PLAN (WATER, SEWER, STORM), 2015**

LYRB is currently working with Orem City to evaluate proposed rate policies related to Culinary Water, Sanitary Sewer and Storm Drainage. LYRB provided a model that allowed City staff and the Council to evaluate multiple scenarios employing a pay-as-you-go approach or the utilization of bonding. This allowed the City to determine the appropriate course of action relative to their specific needs.

**Contact:** Jaimie Davidson  
City Manager  
(801) 229-7038

**CENTERVILLE CITY, CULINARY WATER & STORM DRAIN RATE AND IMPACT FEES, 2013-2015**

LYRB recently completed a CFSP (Utility Rate, IFFP, and IFA) for the Centerville City Culinary Water and Storm Drain system. LYRB provided a model that allowed City staff and the Council to evaluate multiple scenarios employing a pay-as-you-go approach or the utilization of bonding. This allowed the City to determine the appropriate course of action relative to their specific needs. On March 17, 2015 the City approved Resolution No. 2015-04 increasing drainage rates to fund future capital improvement needs and ensure revenue sufficiency.

**Contact:** Steve Thacker, City Manager  
(801) 295-3477

LYRB has also recently completed a Comprehensive Financial Sustainability Plan for Orem City's General Fund, South Ogden's General Fund, and Ogden's General Fund. In addition, LYRB completed a feasibility and financial analysis for Pleasant Grove that evaluated parcel data, development potential and land use information and the impacts of specific development types on City revenues.

Our team is dedicated to meeting the needs of the Town. While we will be engaged in other projects, we will allocate necessary resources to meet our proposed timeline. We do not anticipate current workloads and availability for other activities will compromise our ability to complete the stated tasks. We do not anticipate the need for any outside support.



The table below illustrates LYRB's recent consulting experience.

Client	Project Category	Type	Year
Central Utah Water Conservancy District	CWP Modeling	Water	2018
Draper City, Utah	Impact Fee Analysis	Water, Storm	2018
Draper City, Utah	User Rate Analysis	Water	2018
Highland City, Utah			2018
Kaysville City, Utah	Transportation Fee Study	Transportation	2018
Logan City, Utah	Cost of Services and Rate Design Study	Water	2018
Moab, Utah	Transportation Funding Consulting	Transportation	2018
Morgan County, Utah	Impact Fee Analysis	Parks, Transportation	2018
Ogden City, Utah	User Rate Analysis	Water, Sewer, Storm, Refuse	2018
Salt Lake City, Utah	Parks and Public Lands Analysis	Parks	2018
Salt Lake City, Utah	Parks and Public Lands Governance Analysis	Parks	2018
Salt Lake City, Utah	Capital Facilities and Finance Plan	General fund	2018
South Ogden City, Utah	General Fund CFSP Update	General Fund	2018
South Jordan City, Utah	Impact Fee Analysis	Parks	
South Willard Water Company	Impact Fee Analysis	Water	2018
Tooele City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2018
Highland, Utah	Comprehensive Financial Sustainability Plan	General Fund	2017
Ogden City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2017
Ogden School District, Utah	Facilities Planning		2017
Salt Lake City, Utah	Impact Fee Study	Public Safety, Parks, Transportation	2017
South Davis Metro Fire	Impact Fee Analysis	Fire	2017
South Davis Metro Fire	Tax Rate Analysis	Fire	2017
South Ogden, Utah	Transportation Fee Study	Transportation	2017
South Ogden, Utah	Comprehensive Financial Sustainability Plan	General Fund	2017
South Ogden, Utah	User Rate Analysis	Water, Sewer, Storm	2017
Tooele City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2017
Tooele City, Utah	Impact Fee Amendments	Sewer	2017
Central Valley Water Reclamation Facility	Comprehensive Financial Sustainability Plan	Sewer	2016-2017
Utah Olympic Legacy Foundation	Comprehensive Financial Sustainability Plan		2017
Weber County, Utah	Transfer Station Analysis	Refuse	2017
Wolf Creek Water & Sewer Improvement District	Impact Fee Analysis	Secondary Water	2017
Box Elder County, Utah	Municipal Services Study	Municipal Services	2016
Central Utah Water Conservancy District	CWP Modeling		2016
Central Utah Water Conservancy District	District Modeling		2016
Central Valley Water Reclamation Facility	CFSP for Reclamation CIP	Reclamation	2016
Cottonwood Heights, Utah	Financial Consulting		2016



Client	Project Category	Type	Year
Eagle Mountain City, Utah	Impact Fee Analysis	Parks	2016
Lindon City, Utah	Impact Fee Analysis	Water	2016
MIDA	MIDA CFSP		2016
Mt. Olympus Improvement District	CVWRF Model Review	Water, Sewer	2016
Ogden City, Utah	General Fund CFSP	General Fund	2016
Ogden City, Utah	Utility CFSP Update		2016
Orem City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2016
Provo, Utah	Water Reclamation Study	Sewer	2016
South Salt Lake City, Utah	Impact Fee Analysis	Sewer	2016
South Summit School District	Facilities Analysis		2016
South Valley Sewer District	Impact Fee Analysis	Sewer	2016
Tooele City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2016
Tooele City, Utah	Fiscal Planning and Coordination for Overlake Settlement & Legislative Assistance		2016
Wasatch County, Utah	JSPA Capital Facilities Plan and Prioritization		2016
Wolf Creek Water & Sewer Improvement District	Impact Fee Analysis	Sewer	2016
American Fork City, Utah	Governance and Strategic Planning	General Fund	2015
Brigham City, Utah	Impact Fee Analysis	City Wide	2015
Centerville City, Utah	User Rate Analysis	Storm	2015
Central Utah Water Conservancy District	CWP Analysis	Water	2015
Central Utah Water Conservancy District	District Modeling	Water	2015
Draper City, Utah	RDA CFFP	RDA	2015
Draper City, Utah	Impact Fee Analysis	Parks	2015
Eagle Mountain City, Utah	Impact Fee Analysis	Water, Sewer	2015
Granger Hunter Improvement District	Rate Study Finalization	Water, Sewer	2015
Hooper Water Improvement District	User Rate Study	Water	2015
Hooper Water Improvement District	Impact Fee Analysis	Water	2015
Lindon City, Utah	Impact Fee Analysis	Water	2015
Midvale City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2015
Millville, Utah	Impact Fee Analysis	City-Wide	2015
Morgan County, Utah	Impact Fee Education Work Session	General	2015
Mountainland Association of Government	Unified Transportation Plan	Transportation	2015
Ogden City, Utah	Utility CFSP Update	Water, Sewer, Storm, Refuse	2015
Ogden School District, Utah	Comprehensive Facilities Plan		2015
Orem City, Utah	Impact Fee Analysis	Annexation Area	2015
Pleasant Grove, Utah	Impact Fee Analysis	Transportation	2015
South Davis Metro Fire	Cost of Service Analysis for Paramedic Services	Fire	2015
South Willard Water Company	Impact Fee Analysis	Water	2015
St. George City, Utah	Impact Fee Surveillance	City-Wide	2015
Tooele City, Utah	Comprehensive Financial Sustainability Plan	General Fund	2015

Client	Project Category	Type	Year
Wasatch County, Utah	JSPA Capital Facilities Plan and Prioritization		2015
West Point, Utah	Impact Fee Analysis	Transportation	2015
Wolf Creek Water & Sewer Improvement District	Impact Fee Analysis	Water	2015
Centerville City, Utah	Impact Fee Analysis	Storm Water	2014
Central Utah Water Conservancy District	Utility Analysis	Central Water Project	2014
Clearfield City, Utah	User Rate Analysis	Storm Water	2014
Eagle Mountain City, Utah	Impact Fee Analysis	Water	2014
Eagle Mountain City, Utah	User Rate Analysis	Water	2014
Garden City	User Rate Analysis	Water	2014
Garden City	Impact Fee Analysis	Water	2014
Granger-Hunter Improvement District	User Rate Analysis & Impact Fee	Culinary Water & Sanitary Sewer	2014
Liberty Pipeline Water Company	Impact Fee Analysis	Water	2014
Midvale	Comprehensive Sustainability Plan	General Fund	2014
Ogden City, Utah	Utility CFSP Update	Utilities	2014
Orem City, Utah	Comprehensive Sustainability Plan	General Fund	2014
Orem City, Utah	Impact Fee Analysis	Water, Sewer, Storm	2014
Sandy City, Utah	Comprehensive Sustainability Plan	RDA	2014
Sandy City, Utah	Capital Facilities and Finance Plan	RDA	2014
South Davis Metro Fire	Revenue Sufficiency & Governance Analysis	Fire Agency	2014
South Salt Lake City, Utah	Impact Fee Analysis	Water	2014
Springville City, Utah	Impact Fee Analysis	Water, Sewer, Secondary Water, Storm	2014
St. George City, Utah	Impact Fee Analysis	City-Wide	2014
West Corinne Water Company	Impact Fee Analysis	Water	2014
Woods Cross City, Utah	Impact Fee Analysis	Parks, Roads, Storm Water	2014
Bona Vista Water	Impact Fee Analysis	Culinary Water	2013
Brian Head, Utah	User Rate Study	Sewer & Water	2013
Centerville City, Utah	Impact Fee Analysis	Storm Water Enterprise System	2013
Centerville City, Utah	Impact Fee Analysis	Culinary Water	2013
Centerville City, Utah	Impact Fee Review	Parks	2013
Clearfield City, Utah	Impact Fee Analysis	Parks and Recreation	2013
Eagle Mountain City, Utah	User Rate Study	Water & Sewer	2013
Garden City, Utah	User Rate Analysis	Water	2013
Jordan Valley Water Conservancy District	Impact Fee Analysis	Retail Water	2013
Kaysville, Utah	Impact Fee Analysis	Transportation, Recreation, Power, Water, Police	2013
Logan City, Utah	Impact Fee Analysis	Fire, Roads, Culinary Water, Wastewater, Power, Parks & Recreation	2013
Logan City, Utah	Impact Fee Feasibility Study	Sewer Feasibility	2013
Morgan County, Utah	CFP & Impact Fee Study	Public Safety, Roadways, Parks	2013
Nibley, Utah	Impact Fee Analysis	Parks, Water & Sewer	2013
Ogden City, Utah	Utility CFSP Update	Storm, Sewer, Water	2013
Orem City, Utah	Impact Fee Analysis	Culinary, Sewer & Storm	2013
Pleasant Grove, Utah	User Rate Analysis	Grove Area	2013
Provo City, Utah	Impact Fee Study Review	Water, Wastewater	2013
Riverton City, Utah	Impact Fee Analysis	Secondary Water	2013

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Sandy RDA, Utah	User Rate Analysis	For the RDA	2013
South Davis Metro Fire	Revenue Sufficiency & Governance Analysis	Fire Services	2013
South Jordan City, Utah	Impact Fee Analysis	Transportation	2013
South Jordan City, Utah	User Rate Study	Sanitation/Recycling	2013
South Jordan City, Utah	Cost of Service Study	Building, Planning, Engineering	2013
Springville City, Utah	Impact Fee Analysis	Water, Sewer, Secondary, Storm	2013
St. George City, Utah	Impact Fee Analysis	IFFP update - (Parks, Fire & Police)	2013
Taylor-West Weber Water Improvement District	Impact Fee Analysis	Culinary Water	2013
Tooele City RDA, Utah	Capital Facilities and Finance Plan	UID	2013
Tooele City, Utah	User Rate Analysis	General Fund	2013
TSSD, Utah	Impact Fee / Utah Home Builders Review	Sewer Impact Fees	2013
UTOPIA	User Rate Analysis	Fiber Utility Analysis	2013
Weber Basin Water Conservancy District	User Rate/Feasibility Study	Water	2013
Weber Basin Water Conservancy District	Water Rate & Impact Fee Study	Tier 3 Water	2013
West Bountiful City, Utah	Impact Fee Analysis and IFFP	Parks, Recreation, and Trails	2013
West Point, Utah	Impact Fee Analysis	Storm Drain	2013
West Valley City, Utah	User Rate Analysis	General Fund	2013